

Honolulu, Hawaii

APR 09 2026

RE: H.B. No. 1656  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2026  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1656, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INDEBTEDNESS TO THE STATE,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the procedure by which public employers may recover indebtedness owed by state employees.

More specifically, this measure:

- (1) Limits the maximum amount that a disbursing officer may deduct from an employee's salary, wage, or compensation as recovery of an employee's indebtedness to five percent of the employee's gross income per pay period; and
- (2) Requires a written statement to be provided to the employee at least thirty calendar days before the deduction.

Your Committee received written comments in support of this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; University of Hawaii Professional Assembly; and United Public Workers, AFSCME Local 646, AFL-CIO.



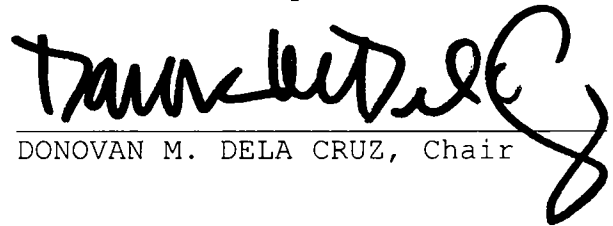
Your Committee received written comments on this measure from the Department of Accounting and General Services; Hawaii State Public Library System; and Department of Budget and Fiscal Services, City and County of Honolulu.

Your Committee finds that indebtedness owed by state employees to their employing agencies is typically the result of inadvertent overpayments made by the employer. Your Committee also finds that under current state law, recovery procedures may require deductions of up to one-quarter of an employee's compensation per pay period, which can impose undue financial hardship on the employee. Your Committee further finds that this measure establishes procedural safeguards to ensure that the recovery of such indebtedness is conducted in a fair and equitable manner.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1656, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1656, H.D. 1, S.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

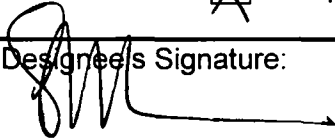


DONOVAN M. DELA CRUZ, Chair



The Senate  
 Thirty-Third Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1656, HD1	LBT, WAM	4/6/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris				X
RICHARDS, III, Herbert M. "Tim"	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	12	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink File with Committee Report     Committee     Drafting Agency				

\*Only one measure per Record of Votes